

ASSEMBLY BILL

No. 2778

Introduced by Assembly Member Lieber

February 24, 2006

An act to amend Section 379.6 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 2778, as introduced, Lieber. Electricity: self-generation incentive program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law requires the commission, in consultation with the State Energy Resources Conservation and Development Commission (Energy Commission), to administer, until January 1, 2008, a self-generation incentive program for distributed generation resources in the same form that exists on January 1, 2004.

This bill would require the commission, in consultation with the Energy Commission, to administer, until January 1, 2017, a self-generation incentive program for distributed generation resources in the same form that exists on January 1, 2004.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 379.6 of the Public Utilities Code is
- 2 amended to read:
- 3 379.6. (a) The commission, in consultation with the State
- 4 Energy Resources Conservation and Development Commission,

1 shall administer, until January 1, ~~2008~~ 2017, the self-generation
2 incentive program for distributed generation resources originally
3 established pursuant to Chapter 329 of the Statutes of 2000.
4 Except as provided in subdivision (b), the program shall be
5 administered in the same form as it existed on January 1, 2004.

6 (b) Eligibility for the self-generation incentive program's level
7 3 incentive category shall be subject to the following conditions:

8 (1) Commencing January 1, 2005, all combustion-operated
9 distributed generation projects using fossil fuel shall meet an
10 oxides of nitrogen (NO_x) emissions rate standard of 0.14 pounds
11 per megawatthour.

12 (2) Commencing January 1, 2007, all combustion-operated
13 distributed generation projects using fossil fuel shall meet a NO_x
14 emissions rate standard of 0.07 pounds per megawatthour and a
15 minimum efficiency of 60 percent. A minimum efficiency of 60
16 percent shall be measured as useful energy output divided by fuel
17 input. The efficiency determination shall be based on 100 percent
18 load.

19 (3) Combined heat and power units that meet the 60-percent
20 efficiency standard may take a credit to meet the applicable NO_x
21 emissions standard of 0.14 pounds per megawatthour or 0.07
22 pounds per megawatthour. Credit shall be at the rate of one
23 megawatthour for each 3.4 million British thermal units (Btus) of
24 heat recovered.

25 (4) Notwithstanding paragraphs (1) and (2), a project that does
26 not meet the applicable NO_x emission standard is eligible if it
27 meets both of the following requirements:

28 (A) The project operates solely on waste gas. The commission
29 shall require a customer that applies for an incentive pursuant to
30 this paragraph to provide an affidavit or other form of proof, that
31 specifies that the project shall be operated solely on waste gas.
32 Incentives awarded pursuant to this paragraph shall be subject to
33 refund and shall be refunded by the recipient to the extent the
34 project does not operate on waste gas. As used in this paragraph,
35 "waste gas" means natural gas that is generated as a byproduct of
36 petroleum production operations and is not eligible for delivery
37 to the utility pipeline system.

38 (B) The air quality management district or air pollution control
39 district, in issuing a permit to operate the project, determines that
40 operation of the project will produce an onsite net air emissions

1 benefit, compared to permitted onsite emissions if the project
2 does not operate. The commission shall require the customer to
3 secure the permit prior to receiving incentives.

4 (c) In administering the self-generation incentive program, the
5 commission may adjust the amount of rebates, include other
6 ultraclean and low-emission distributed generation technologies,
7 as defined in Section 353.2, and evaluate other public policy
8 interests, including, but not limited to, ratepayers, and energy
9 efficiency and environmental interests.

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